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CDBG Management Memo #21-01

Date: December 7, 2021

To: Community Development Block Grant (CDBG) and CDBG-CV Grantees

Subject: Financial Reporting

NOTE #1: The Financial Reporting form is mentioned throughout this memo. As of the effective date of this memo, this form has only been rolled out for CDBG-CV Grantees. Roll out for all annual CDBG Grantees whose grants are managed in the eCivis Grants Management Network is anticipated in early 2022. In the meantime, all components of this management memo are applicable to both CDBG and CDBG-CV Grantees, except for the mandatory use of the Financial Reporting form which only applies to CDBG-CV Grantees until further notice.

NOTE #2: This management memo contains information that will be integrated into the completed CDBG Grants Management Manual at a future date. At the point that this memo becomes outdated, it will be rescinded and superseded by the Grants Management Manual.

Purpose

The purpose of this memo is to document the process and requirements for financial reporting under CDBG programs. This includes gathering required documentation, filling out the newly developed standardized Financial Reporting form and completing required actions in the Grants Network Portal.

As of the date of this management memo, the revised Financial Reporting form has only been rolled out for CDBG-CV but will roll out in early 2022 for all CDBG Grantees submitting Financial Reports in the eCivis Grants Management Network. This management memo applies to both CDBG and CDBG-CV Grantees.

Documentation is a key part of complete reporting. The California Department of Housing and Community Development (Department) requires supporting documentation for all CDBG Financial Reports, including General Administration expenditures and on all expenditures of CDBG Program Income (including General Administration).

Background Requirements

The U.S. Department of Housing and Urban Development's (HUD) recordkeeping requirements for CDBG grant awards for funds administered by the Department are contained in 24 CFR Part 570. Specifically, 24 CFR 570.490 (a) (1) states that "The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the state's administration of CDBG funds under Section 570.493." The state is required to have fiscal controls such that it can ensure the funds are used in "compliance with all applicable statutory and regulatory provisions," "only spent for reasonable and necessary costs," and "not used for general expenses required to carry out other responsibilities of state and local governments" as described in Section 570.489 (d).

The new Excel-based Financial Reporting form will be used beginning in December 2021 for CDBG-CV Grantees to submit financial reports, at least quarterly, beginning with November 2021 expenditures. This form will also serve as documentation that the authorized representative of the Grantee has approved the draw. Roll-out of the new reporting form is anticipated in early 2022 for all CDBG Grantees whose grants are managed in the eCivis Grants Management Network.

Process

The CDBG financial reporting process is comprised of three distinct activities:

- Gathering required documentation
- Filling out the new Financial Reporting form
- Submitting information in the Grants Network Portal

Required Documentation

Grantees are required to submit documentation for all expenditures claimed in the Financial Report. Some examples of acceptable documentation types are shown below. Timely review of supporting documentation allows the Department to determine that the Grantee is meeting all program requirements and will prevent situations in which a Grantee may be required to re-pay the Department for funds spent on ineligible costs.

- **Economic Development Programs** – Project Completion form, Loan or grant agreement that is executed between beneficiary and jurisdiction.
- **Housing Programs –** jurisdictions may submit Loan Agreements, Settlement Statements, or other related documentation to support the Funds Request.
- **Public Services –**invoicing as applicable to the agreement entered into with provider.
- **Projects involving construction –** copy of the Bid Schedule along with contractor's invoice.
- **Documentation for Consulting Services –** Invoices for services performed.
- **General Administration –** Description of each personnel expenditure, including name, title, time period, activities performed and total amount.
- **Subsistence Payments –** copy of check to the utility and/or mortgage company, including the following information on each check:
    - Utility or Mortgage Company Name
    - Applicant Name
    - Amount Provided
    - Check Number
    - Check Date
    - Issuer of the Check

Completing the Financial Reporting Form

Grantees will receive a Financial Reporting form from their HCD Representative (CDBG) or Grant Administrator (CDBG-CV). This should serve as a template for all reporting and funds requests. The form is an Excel template composed of two worksheets: a Coversheet worksheet and an Expenditures worksheet. Images of these sheets are shown on the following pages as Exhibit 1.

The form should be completed for all open grants and Program Income at least quarterly.

Exhibit 1 – Financial Reporting Form

Community Development Block Grant - Coronavirus
CV1 and CV2/3 Financial Reporting

Grantee/Contractor/Payee:		**HCD Contract #:**	
Project Name:		**Amendment #:**	
Grantee Address:		**Agreement Start Date:**	
		Agreement End Date:	
Grantee TIN:		**Reporting Period Start Date:**	
Grantee Invoice #:		**Reporting Period End Date:**	
		Reporting end before Agreement end?	**No**

Financial Activity Report

Category	Amount Reported This Period
Activity	$ -
General Administration	$ -
Activity Delivery	$ -
TOTAL	**$ -**

Do you have Program Income allocated for this project?	○ YES ◉ NO

Requests must:
(a) be submitted in eCivis;
(b) be supported by documentation that fully substantiates costs;
(c) include the service period of costs; and
(d) be submitted monthly, even if zero expenditures are reported.

I certify that information in this request and attachments accurately reflects the work performed in accordance with the associated Standard Agreement, that payment has been previously paid, and that costs included are consistent with the contract and all associated Exhibits.

Name/Title of Authorized Certifying Official:	**Phone Number:**
Authorized Certifying Official Signature:	**Date:**
X Authorized Certifying Official Signature Certifying Official Title	

Instructions for Completing this Coversheet

Please use this coversheet for all Financial Activity Reports and ensure that you have followed these instructions:

1.) On this Coversheet Tab, (a) verify all grantee information at the top is accurate, and (b) enter the associated Reporting Period;

2.) Enter the expenditure details and backup documentation information on the expenditure tab. This will automatically populate your total expenditures on the coversheet;

3.) Clearly print the name and title of the authorized signatory signing this report;

4.) Verify all information is correct, then print and sign this Coversheet;

5.) Submit the Financial Activity Report in eCivis entering totals from the '*Amount Requested this Period*' column provided on this Coversheet; and upload (a) signed PDF copy of this Coversheet, (b) this entire workbook, and (c) the supporting documentation as listed on the Expenditures tab.

Community Development Block Grant - Coronavirus

CV1 and CV2/3 Financial Reporting

Instructions for Completing this Expenditures Sheet

Please use this sheet to provide detail for all expenditures during the Reporting Period and ensure that you have followed these instructions.

1.) Use the drop-down to select the ***Category*** (i.e. Activity, General Admin, Activity Delivery, Other);
2.) Enter the ***Service Period*** in which the expenditure occurred, this could be a specific date or range;
3.) Enter an ***Expenditure Name*** for this item that identifies the Service/Expenditure type;
4.) Provide a brief ***Service Description*** that directly relates to the approved Standard Agreement;
5.) Enter the ***Amount*** for that line item reported by this request;
** Ensure that documents are listed in the order in which they are provided in any attachments in eCivis.
** If necessary, provide additional details in the Service Description to make clear what costs are being reported, which costs are allocated or prorated, the basis for such allocation or proration, and any additional guidance important for HCD's review.

Total $ -

Description of Claims for Reimbursement:

	Category	Service Period	Expenditure Name	Service Description	Amount
1					$ -
2					$ -
3					$ -
4					$ -
5					$ -
6					$ -
7					$ -
8					$ -
9					$ -
10					$ -
11					$ -
12					$ -
13					$ -
14					$ -
15					$ -
16					$ -
17					$ -
18					$ -
19					$ -
20					$ -
21					$ -
22					$ -
23					$ -
24					$ -
25					$
26					
27					
28					
29					
30					
31					
32					
33					

The fields at the top of the form, circled in red in Exhibit 2, below, will be prepopulated by the HCD Representative (CDBG) or Grant Administrator (CDBG-CV). Grantees should verify that all information is accurate. Grantees should fill in the Grantee Invoice #, if applicable, and the Reporting Period Start Date and Reporting Period End Date for each report submitted.

Exhibit 2 – Coversheet Worksheet

Community Development Block Grant - Coronavirus
CV1 and CV2/3 Financial Reporting

Grantee/Contractor/Payee:	City of Example	HCD Contract #:	20-CDBG-CV1-012345
Project Name:	Subsistence Assistance	Amendment #:	
Grantee Address:	123 Main Street	Agreement Start Date:	4/1/2021
	Example, CA 12345	Agreement End Date:	4/1/2022
Grantee TIN:	12-3456789	Reporting Period Start Date:	
Grantee Invoice #:		Reporting Period End Date:	
		Reporting end before Agreement end?	No

Financial Report

Category	Amount Reported This Period
Activity	$ -
General Administration	$ -
Activity Delivery	$ -
TOTAL	**$ -**
Do you have Program Income allocated for this project?	○ YES ◉ NO

Grantees should **NOT** enter additional information on the Coversheet, aside from entering Authorized Official information, which will be covered later in this memo. All financial information contained on the Coversheet is automatically generated as Grantees complete the Expenditures Worksheet.

The Expenditures worksheet is where Grantees should enter their program expenses. Note that Grantees are required to provide documentation for ALL claimed expenses as PDF attachments in the Grants Network Portal. As shown below in Exhibit 3, Grantees should list their expenses in the **same order** that the documentation is provided in the Grants Network Portal.

Grantees must ensure that the information contained on the Expenditures worksheet matches the documentation provided. Grantees should double check values and dates of service.

Exhibit 3. Sample Expenditures on the Expenditures Worksheet

Community Development Block Grant - Coronavirus
CV1 and CV2/3 Financial Reporting

Instructions for Completing this Expenditures Sheet

If necessary, provide additional details in the Service Description to make clear what costs are being reported, which costs are allocated or prorated, the basis for such allocation or proration, and any additional guidance important for HCD's review.

Total $ 56,045.10

Description of Claims for Reimbursement:

	Category	Service Period	Expenditure Name	Service Description	Amount
1	Activity Delivery	7/1 - 9/30/21	Consultant Invoices	(3) Invoices - July, Aug & Sept 2021	$ 30,000.00
2	Activity	7/1 - 7/31/21	Subsistence Payments	Subsistence checks issued July 2021	$ 5,000.00
3	Activity	8/1 - 8/31/21	Subsistence Payments	Subsistence checks issued Aug 2021	$ 8,500.00
4	Activity	9/1 - 9/30/21	Subsistence Payments	Subsistence checks issued Sep 2021	$ 7,000.00
5	General Admin	7/1 - 9/30/21	Payroll Reports	City staff oversight - Payroll Jul, Aug & Sept 2021	$ 5,432.60
6	Activity Delivery	7/31/2021	Fedex Invoice	Marketing materials	$ 112.50
7					$ -
8					$ -
9					$ -

Completing the Expenditures worksheet automatically populates the expenditures categories and amounts on the Coversheet as shown in Exhibit 4, below. Grantees should confirm that these are the totals they are expecting to claim for the reporting period. **Any adjustments to categories or amount MUST be made on the Expenditures worksheet.**

Note that Grantees should break out Activity and Activity Delivery expenditures on the Financial Reporting form, **even if they have not done so in the Grants Network Portal**, to ensure they are maximizing the amount of the award that can be used for delivering the activity.

Once totals are correct, the Grantee should click Yes or No as shown in Exhibit 4 to indicate whether Program Income has been allocated for this project.

To finish the form, the Grantee needs to fill in the name, title, and phone number of the Authorized Certifying Official **indicated on the Resolution** and have that official sign and date the form, as indicated below.

Exhibit 4. Coversheet with Automatically Populated Entries

Community Development Block Grant - Coronavirus
CV1 and CV2/3 Financial Reporting

Grantee/Contractor/Payee:	City of Example	**HCD Contract #:**	20-CDBG-CV1-012345
Project Name:	Subsistence Assistance	**Amendment #:**	
Grantee Address:	123 Main Street	**Agreement Start Date:**	4/1/2021
	Example, CA 1234567	**Agreement End Date:**	4/1/2022
Grantee TIN:	12-3456789	**Reporting Period Start Date:**	7/1/2021
Grantee Invoice #:		**Reporting Period End Date:**	9/30/2021
		Reporting end before Agreement end?	Yes

Financial Report

Category	Amount Reported This Period
Activity	$ 20,500.00
General Administration	$ 5,432.60
Activity Delivery	$ 30,112.50
TOTAL	**$ 56,045.10**
Do you have Program Income allocated for this project?	○ YES ◉ NO

Requests must:

(a) be submitted in eCivis;
(b) be supported by documentation that fully substantiates costs;
(c) include the service period of costs; and
(d) be submitted monthly, even if zero expenditures are reported.

I certify that information in this request and attachments accurately reflects the work performed in accordance with the associated Standard Agreement, that payment has been previously paid, and that costs included are consistent with the contract and all associated Exhibits.

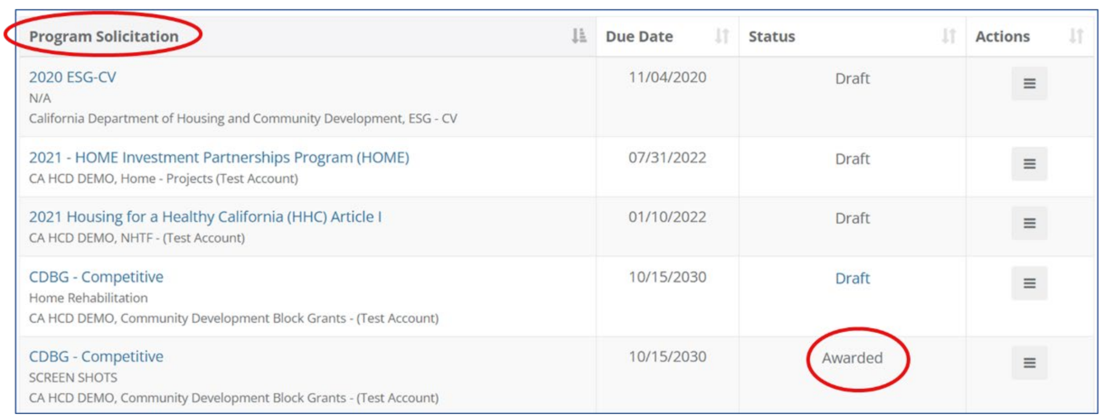
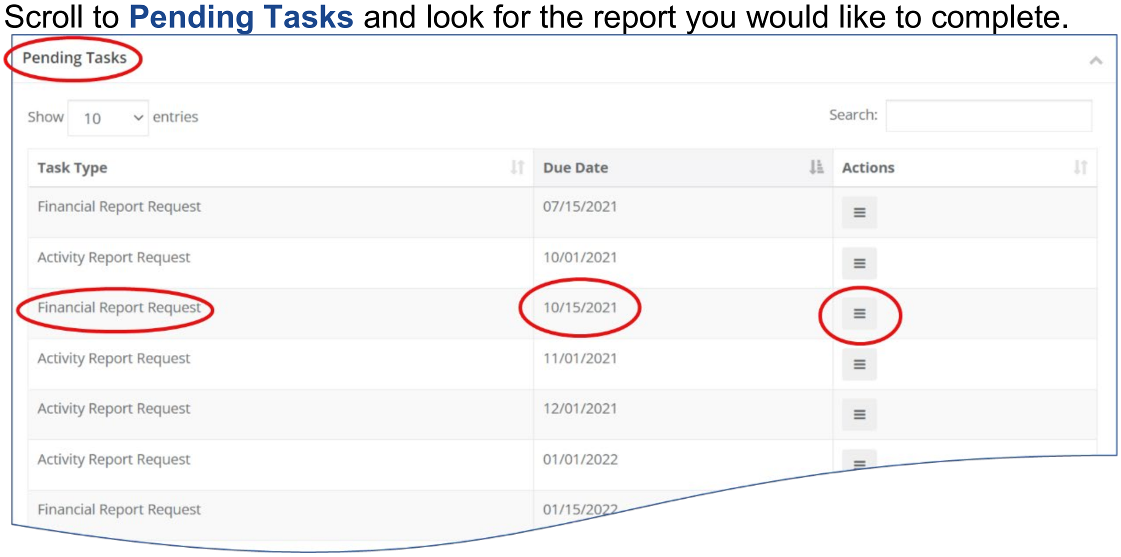
Name/Title of Authorized Certifying Official:	**Phone Number:**
Authorized Certifying Official Signature:	**Date:**
X Authorized Certifying Official Signature Certifying Official Title	

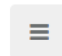
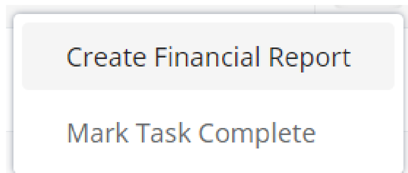
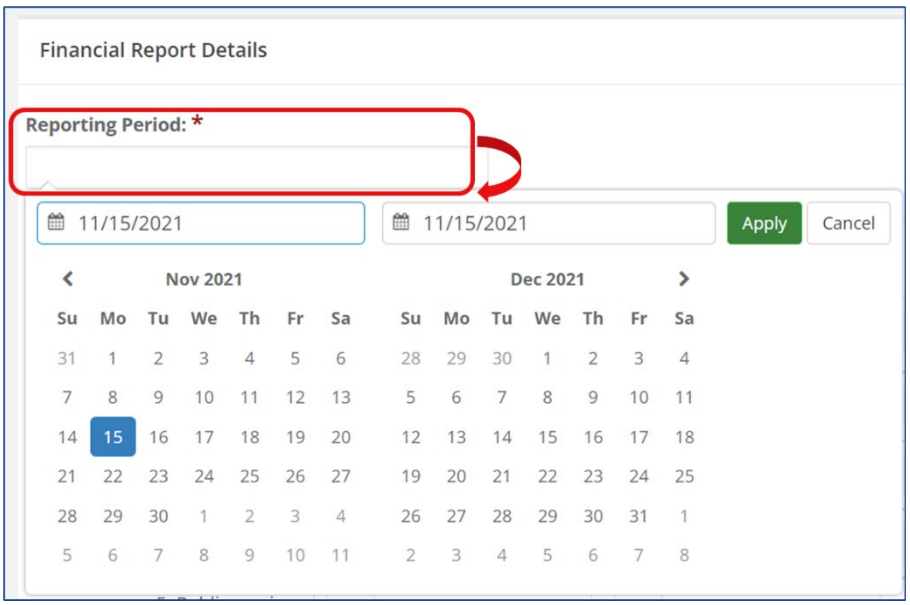
Updated October

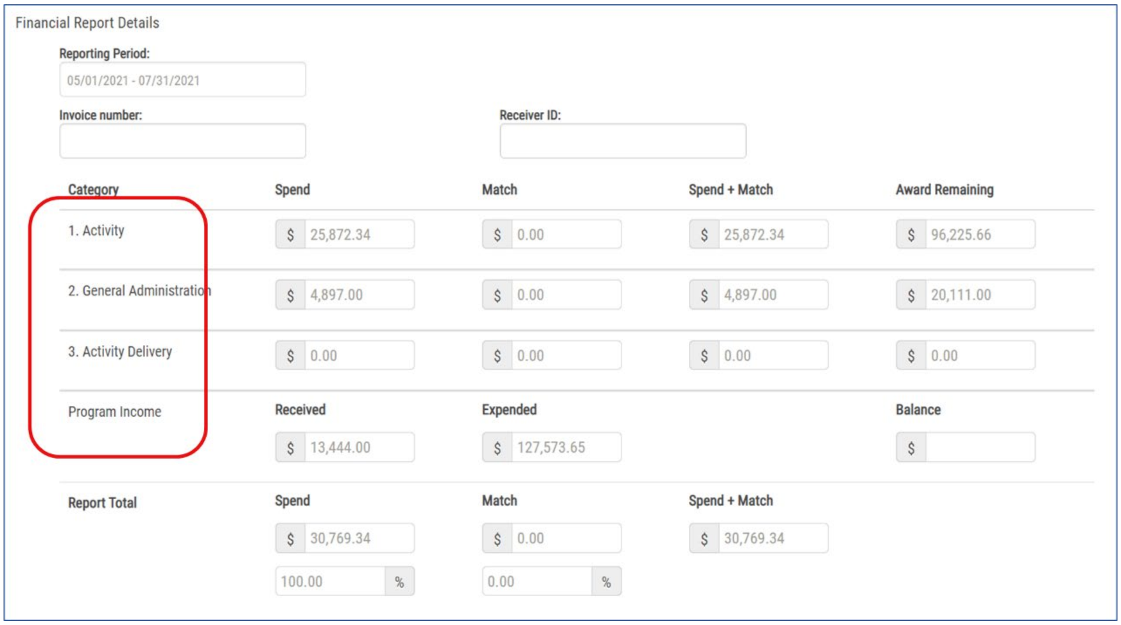
Submitting the Financial Report in the Grants Network Portal

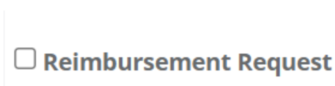
Grantees should complete the financial reporting process in the Grants Network Portal by completing the steps shown in Exhibit 5, below.

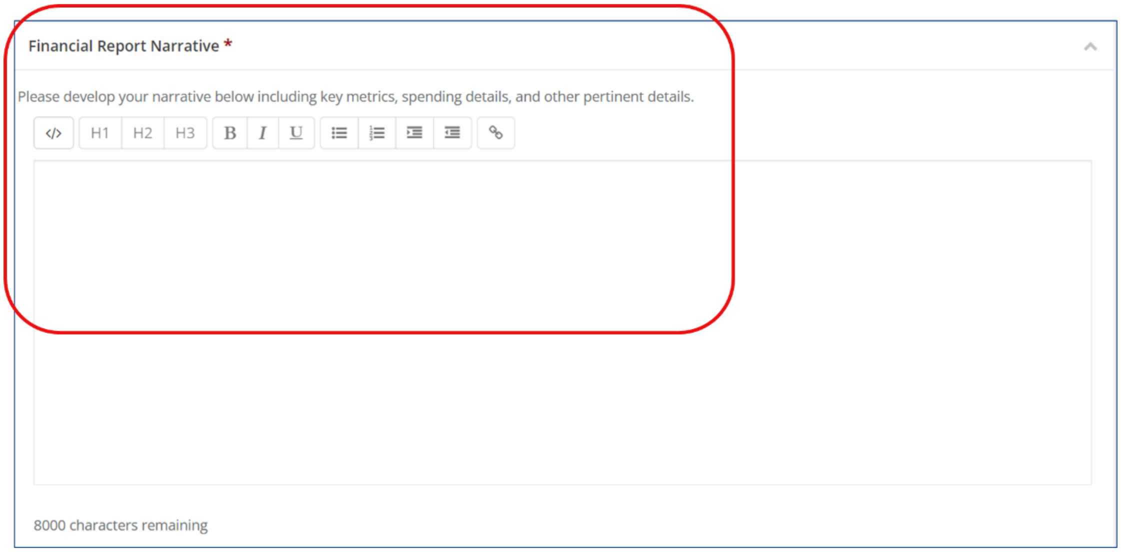
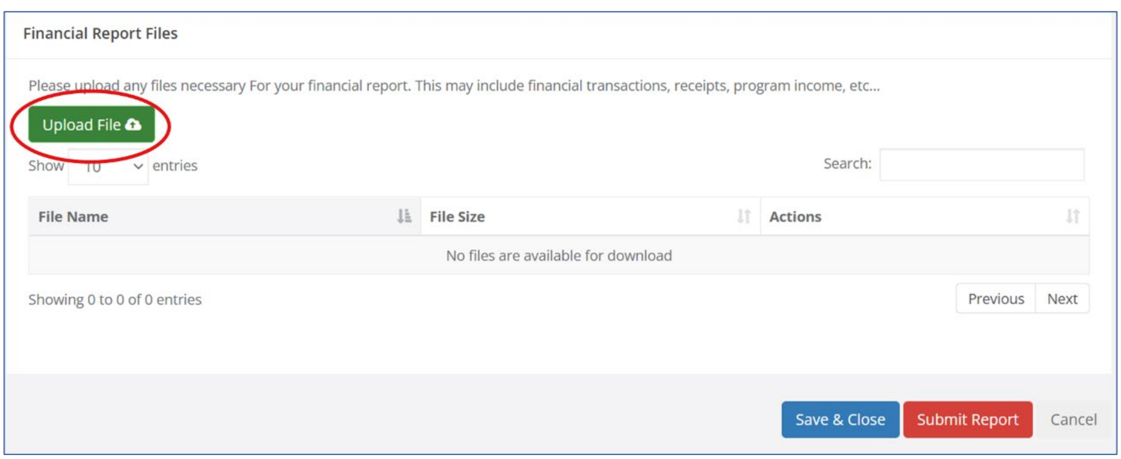
Exhibit 5. Grants Network Portal Financial Reporting Steps

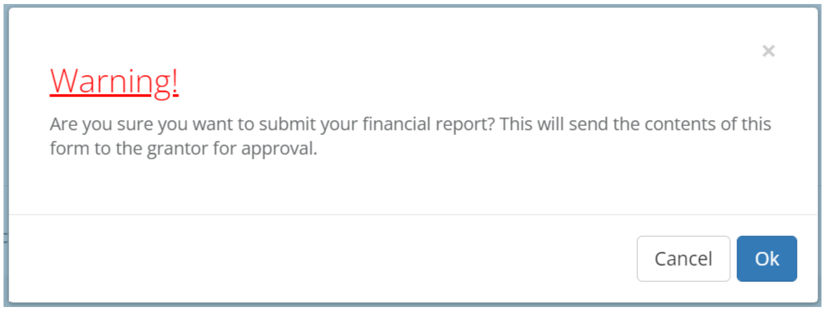
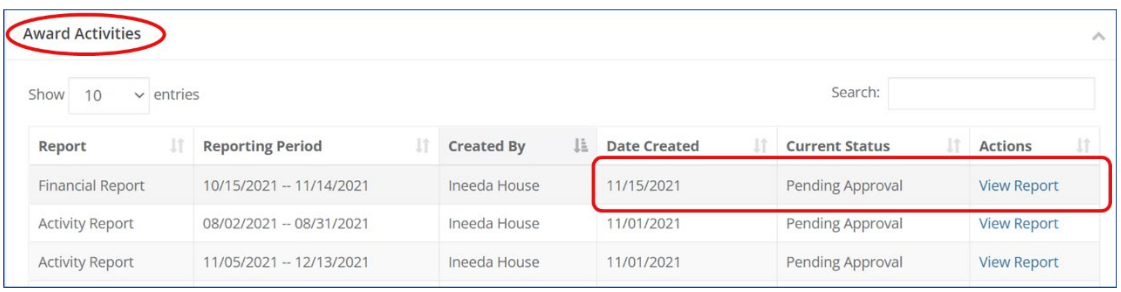
<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>1</td><td>Log in to the portal with your credentials.</td></tr>
<tr><td>2</td><td>Scroll to Program Solicitation and click the link for the award that needs an activity report.
■ Make sure to select the option that shows Awarded in the status column.

</td></tr>
<tr><td>3</td><td>Scroll to Pending Tasks and look for the report you would like to complete.

</td></tr>
</table>

Step	Action
4	Click on the corresponding three lines  under **Actions** and select **Create Financial Report** in the pop-up window. 
5	Under **Financial Report Details**, find the **Reporting Period** field. Click in the field and use the calendar to select the reporting period. Click **Apply.** 
6	Enter claim totals for Activity, General Administration, Activity Delivery and/or Program Income as applicable, based on the approved budget. **These entries must match the amounts on the Financial Reporting form Expenditures worksheet.**

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td></td><td>
</td></tr>
<tr><td>7</td><td>Check the Reimbursement Request box at the bottom of the Financial Report Details section if you are requesting reimbursement. The dollar value will auto-populate based on the expenditures entered. Grantees can change this amount, if desired.


If this is a zero-dollar Financial Report without a Reimbursement Request, make sure that you DO NOT CHECK the Reimbursement Request box.

</td></tr>
<tr><td>8</td><td>Include a Financial Narrative that provides a detailed summary of expenditures and an anticipated date of the next draw. This should include the rationale if zero reimbursement is being requested.</td></tr>
</table>

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td></td><td>
</td></tr>
<tr><td>9</td><td>Below the Narrative field, Grantees will find the Financial Report Files section. Grantees should use the Upload file function.to upload the completed Excel-based Financial Reporting form with the signed Coversheet and Expenditures worksheet.

</td></tr>
<tr><td>10</td><td>Grantee should also use this feature to attach backup documentation in the same order as the expenses listed in the Expenditures worksheet.</td></tr>
<tr><td>11</td><td>When the report is ready to submit, the Grantee clicks the red Submit Report button at the bottom of the page.</td></tr>
</table>

<table>
<tr><th>Step</th><th>Action</th></tr>
<tr><td>12</td><td>A warning box will pop up. The Grantee should click OK if they are ready to submit the report.
Clicking Cancel will take the Grantee back to the reporting screen.

</td></tr>
<tr><td>13</td><td>After selecting OK, the Grantee will be taken to the Award Dashboard.</td></tr>
<tr><td>14</td><td>Check status before exiting. Scroll to Award Activities and your submitted report status should say Pending Approval.

Award Activities
Show 10 entries Search:
<table>
<tr><th>Report</th><th>Reporting Period</th><th>Created By</th><th>Date Created</th><th>Current Status</th><th>Actions</th></tr>
<tr><td>Financial Report</td><td>10/15/2021 -- 11/14/2021</td><td>Ineeda House</td><td>11/15/2021</td><td>Pending Approval</td><td>View Report</td></tr>
<tr><td>Activity Report</td><td>08/02/2021 -- 08/31/2021</td><td>Ineeda House</td><td>11/01/2021</td><td>Pending Approval</td><td>View Report</td></tr>
<tr><td>Activity Report</td><td>11/05/2021 -- 12/13/2021</td><td>Ineeda House</td><td>11/01/2021</td><td>Pending Approval</td><td>View Report</td></tr>
</table></td></tr>
<tr><td>15</td><td>If the Grantee needs to save the report before it is ready to submit, they can click Save and Close to return to the report later.
The Grantee can locate the unfinished report under Award Activities on the Award Dashboard.
The Current Status of the incomplete report should show as Draft, and Edit Report should appear in the Actions column.</td></tr>
</table>

Frequency

Funds requests must be submitted at least quarterly. Grantees are encouraged to submit requests more frequently. More frequent submissions allow for more timely reimbursement and give HCD an opportunity to check in with each Grantee about their expenditure plans and provide technical assistance if necessary. If a Grantee with an open grant or a PI funded activity does not have eligible costs during the quarter, the jurisdiction must submit a Financial Report showing Zero Reimbursement. They should also provide detailed information about the status of the grant or activity, why no eligible costs have been incurred, and when they will be making their next draw.

The quarterly Financial Reports will be due on the 15th of the month following the close of the quarter. Due dates are as follows once an award is received:

Quarter	Due Date
Quarter 1	October 15
Quarter 2	January 15
Quarter 3	April 15
Quarter 4	July 15

HCD Representatives or Grant Administrators can grant an extension of the Financial Report due date **up to 30 days from the end of the reporting period**. To accomplish this, the HCD Representative or the Grant Administrator should extend the due date manually in the eCivis Grants Management Network.

Effective Date

This memo is effective immediately as of December 7, 2021 and supersedes previous Management Memos and guidance related to Funds Requests, including Memo #19-01. This Management Memo applies to all active grants, program income, past year grants that are still open and are still drawing funds, new grant awards that have not yet been put into a Standard Agreement, and future grant awards.

Questions

If you have general process questions, please contact your Grant Administrator or HCD Representative. A map of Representatives' areas is located at: Representative Areas Map.

If you have specific questions about the information in this Management Memo, or any other questions regarding the CDBG Program, please contact Felicity Gasser at felicity.gasser@hcd.ca.gov or 916-820-1187.